

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08  
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06  
OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00  
OMB-01 XMB-02 STR-04 EURE-00 OES-06 EPA-01 CEQ-01  
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E.O. 11652: N/A

TAGS: OECD, ETRD, EFIN, EEWT

SUBJECT: EAST-WEST ECONOMIC RELATIONS: FOLLOW-UP TO  
US INITIATIVE IN OECD AND MARCH XCSS

REF: OECD PARIS 02941

1. SUMMARY: WORK WITHIN OECD IN RESPONSE TO US  
INITIATIVE ON EAST-WEST ECONOMIC RELATIONS AT 1976  
MINISTERIAL MEETING HAS ACHIEVED SOME MOMENTUM OF ITS  
OWN, AND THERE IS EVIDENCE, FOR EXAMPLE IN RECENT  
DISCUSSIONS OF TRADE ISSUES, THAT THIS EXERCISE IS  
BEGINNING TO AROUSE CONSIDERABLE INTEREST ON THE PART  
OF OTHER MEMBERS OF THE ORGANIZATION. WE BELIEVE  
US SHOULD ACTIVELY SUPPORT SECRETARIAT'S EFFORTS TO  
MULTIPLY AREAS WITHIN OECD WHERE IMPORTANT EAST-WEST  
ISSUES CAN BE DISCUSSED - E.G., AGRICULTURE, EAST-  
SOUTH, TECHNOLOGY -- AS WELL AS SECRETARY GENERAL'S  
PLAN TO CONVENE BROAD-GAUGED EXPERTS GROUP LATER IN  
SPRING TO MAINTAIN OVERVIEW AND INTEGRATE VARIOUS  
DIMENSIONS OF ONGOING ACTIVITY. IN PARTICULAR WE  
BELIEVE US SHOULD USE MARCH 3-4 XCSS TO RESTATE AND  
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CONFIRM US INTEREST IN OECD EAST-WEST WORK. IF THIS  
RECOMMENDATION IS ACCEPTED, DEPARTMENT SHOULD INFORM  
MISSION IMMEDIATELY SO THAT APPROPRIATE SCENARIO CAN  
BE ARRANGED. END SUMMARY.

2. OECD SECRETARIAT'S WORK PROGRAM ON EAST-WEST  
ECONOMIC RELATIONS, DEVELOPED IN RESPONSE TO US

INITIATIVE AT 1976 MINISTERIAL AND SUBSEQUENT DISCUSSIONS IN XCSS, IS WELL ON WAY TO IMPLEMENTATION. COMPUTERIZED DATA FILES ON E/W TRADE ARE BEING ESTABLISHED, WITH FACILITIES TO HANDLE INFORMATION ON EASTERN TRADE WITH NON-OECD AREAS, AND PRELIMINARY ANALYSES OF BALANCE OF PAYMENTS TRENDS MAY BE AVAILABLE BY APRIL. THE OECD TRADE COMMITTEE HAS BEEN QUICK OFF THE MARK TO GET DISCUSSIONS STARTED ON TRADE TRENDS, ABNORMAL TRADE PRACTICES, AND RECIPROCITY ISSUES. THE FIRST ROUND OF THESE (REFTEL) REVEALED A GREAT DEAL OF INTEREST ON THE PART OF OTHER DELEGATIONS IN COMPARING EXPERIENCE AND VIEWS ON THE IMPORTANT PROBLEMS RAISED BY RECENT TRENDS IN E/W TRADE. OFFICIALS CONCERNED WITH EXPORT CREDITS WILL MEET IN FEBRUARY TO IMPROVE THE INFORMATION SYSTEM ON PUBLIC CREDITS TO THE EAST, WHILE KEY DELEGATES TO THE FINANCIAL MARKETS COMMITTEE IN THEIR REGULAR INFORMAL MEETINGS WITH BANKERS HAVE GOTTEN A BETTER PICTURE OF THE SITUATION WITH RESPECT TO PRIVATE LENDING TO THE NON-MARKET ECONOMIES. THE OECD'S 1977 WORLD ENERGY OUTLOOK REPORT ANALYSES ENERGY PROSPECTS FOR THE USSR AND EASTERN EUROPE AND EASTERN ENERGY QUESTIONS WILL BE ON THE AGENDA OF THE NEXT MEETING OF THE ENERGY POLICMMITTEE IN MARCH. THE MARITIME TRANSPORT COMMITTEE IS CLOSE TO CONSIDERING COMMON APPROACHES TO THE PROBLEMS CAUSED BY EASTERN SHIPPING PRACTICES.

3. THE INDIVIDUAL SECTORS OF THIS ANALYSIS AND DISCUSSION ARE THUS DEVELOPING A MOMENTUM OF THEIR LIMITED OFFICIAL USE

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OWN AS THE RELEVANT OFFICIALS OF MEMBER GOVERNMENTS BECOME INTERESTED. IN CERTAIN AREAS AN ADDITIONAL SHOVE MAY BE NEEDED. AGRICULTURE, FOR INSTANCE, IS A FIELD WHERE E/W INTERACTION HAS ASSUMED GREAT IMPORTANCE, BUT THE RESOURCES OF THE SECRETARIAT AND APPROPRIATE OECD COMMITTEES HAVE NOT YET BEEN HARNESSSED. MATERIAL IS BEING PRODUCED BY THE SECRETARIAT ON EAST-SOUTH RELATIONS WITH RESPECT TO AID, TRADE, AND DEBT, BUT HAVING SOME GOOD DISCUSSIONS OF THESE ISSUES IN THE DEVELOPMENT ASSISTANCE COMMITTEE WILL REQUIRE US ENCOURAGEMENT AND SUPPORT. THE SCIENCE/TECHNOLOGY EXPERTS OF THE OECD HAVE PLANS TO ANALYSE E/W FLOWS IN TECHNOLOGY INTENSIVE PRODUCTS AND SERVICES, AND THESE COULD USE A BOOST FROM THE US DEL AT THE NEXT MEETING OF THE COMMITTEE ON SCIENCE AND TECHNOLOGY POLICY.

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08

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4. TO MAINTAIN AN OVERVIEW OF ALL THESE ACTIVITIES AND INTEGRATE THE ISSUES CONCEPTUALLY, THE SECRETARIAT HAS TOLD US INFORMALLY IT INTENDS TO CONVENE A GROUP OF EXPERTS IN LATE MARCH TO HELP IT FINALIZE A FIRST PROGRESS REPORT TO THE MEMBER GOVERNMENTS. THE US SHOULD ENCOURAGE THIS APPROACH, WHICH WOULD NOT ONLY PROVIDE A PLACE TO CONSIDER THE INTERRELATIONSHIPS BETWEEN THE ISSUES ARISING UNDER TRADE, ENERGY, SHIPPING, TECHNOLOGY, DEBT, ETC., BUT ESTABLISH A CONTEXT IN WHICH INTERESTED GOVERNMENTS COULD HAVE A LOW PROFILE EXCHANGE OF VIEWS ON THE MAIN PROBLEMS OF E/W ECONOMIC RELATIONS THAT CONCERN THEM. AT AN APPROPRIATE POINT WE WILL WANT TO GIVE THE SECRETARIAT OUR VIEWS AS TO THE AGENDA AND KIND OF PEOPLE WHO SHOULD ATTEND SUCH A MEETING.

5. FINALLY, WE BELIEVE IT WOULD BE USEFUL, WITH THE WORK AT THE STAGE IT IS IN AND A NEW ADMINISTRATION IN WASHINGTON, THAT THE US GIVE THE EXERCISE ON E/W

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ECONOMIC RELATIONS AN ADDITIONAL BROAD POLITICAL  
IMPULSE AT THE COMING MEETING OF THE XCSS. ESSENTIALLY  
THIS WOULD BE TO WELCOME WHAT HAS BEEN DONE AND WHAT IS  
IN PROSPECT, AND TO CONFIRM OUR INTEREST IN THE WORK  
AND THE IMPORTANCE WE ATTACH TO IT, WHILE NOTING, AS  
WE HAVE ON EARLIER OCCASIONS, OUR OPEN MINDEDNESS AS  
TO THE RESULTS. IF THE DEPARTMENT ACCEPTS THIS  
RECOMMENDATION, MISSION WILL ARRANGE TO HAVE E/W ON  
AGENDA FOR MARCH 3-4 XCSS, WITH THE SCENARIO OF A  
BRIEF STATUS REPORT BY THE SECRETARIAT AND AN OPPOR-  
TUNITY FOR COMMENT BY INTERESTED DELEGATIONS.  
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## Message Attributes

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